

Memorandum

To: Chairman and Commissioners

Date: September 15, 2000

From: Robert I. Remen

File No: M1
Book Item 4.7
ACTION

Ref: ANNUAL \$4.50 MILLION ALLOCATION SET-ASIDE FOR THE PUBLIC UTILITY COMMISSION RAILROAD GRADE CROSSING PROTECTION MAINTENANCE PROGRAM FOR FY 2001-02 RESOLUTION G-00-

Issue:

Should the Commission support the Public Utilities Commission's (PUC) request (Attachment A) to increase the \$1 million allocation set-aside in the proposed FY 2001-02 State Budget to a \$4.50 million allocation set-aside for its Railroad Grade Crossing Maintenance Program, as allowed by Public Utilities Code Section 1231.1?

Recommendation:

Staff recommends that the requested increase from \$1 million to a \$4.50 million allocation set-aside in the proposed FY 2001-02 Budget for the Railroad Grade Crossing Maintenance Program be approved by adopting the attached resolution (Attachment B) and that staff be directed to inform the Department of Finance and Caltrans of the Commission's support for this increase. This recommendation is justified because:

- the Commission has recognized, as a matter of safety, the importance of maintaining the grade crossing protection devices at the interface of road/rail transportation systems; and
- the PUC has provided information, based upon claims over the last 5 years, that the annual claim amount typically exceeds the annual \$4.25 million set-aside. The claims in calendar year 1999 were about \$4.46 million and according to the PUC the calendar year 2001 claims are anticipated to be even higher. Further, the PUC intends to update its early-1990s study on the estimated cost for maintaining automatic grade crossing warning devices, which is expected to show that costs have gone up. The PUC adoption resolution recommends that the appropriate level of funds to be set aside for allocation from the proposed FY 2001-02 Budget is \$4.5 million.

Background:

Safety is the primary reason for the Railroad Grade Crossing Maintenance Program. The Automatic Grade Crossing Protection Maintenance Fund was established by the Legislature in 1965 to pay the cities' and counties' share of the cost for maintaining automatic grade crossing protection devices installed by the railroad corporations after October 1, 1965. Between 1967 and 1977, the \$1 million appropriated annually by the State Legislature for maintenance of warning devices was sufficient to cover all claims filed by the railroad and street railroad corporations. In 1973, changes to the federal grade crossing protection funding program resulted in the increased

installation and upgrading of automatic grade crossing protection devices and consequently claims began exceeding the funds available in Calendar Year 1977 and thereafter. The maintenance fund claims for the five-year period between FY 1995-96 and FY 1999-00 have averaged \$4.34 million per year. The maintenance fund claims for calendar year 1999 are expected to be about \$4.46 million for an estimated 3,100 crossings.

The cities' and counties' share of the cost for maintaining automatic grade crossings, which is paid for by the State through this grade crossing maintenance program, represents typically only 50% of the total project cost; the remaining 50% is borne by the railroad corporations. This 50-50 payment split is based on the premise that rail and highway users equally share the crossing and should therefore equally share the cost of maintaining the crossing devices, unless prescribed otherwise by the PUC. Thus, the requested \$4.5 million in state funds would leverage up to \$4.5 million in railroad corporation funds, which together are used to offset grade crossing maintenance costs.

Over the years, the Commission has approved the PUC's request for increased allocation set-asides. Since FY 1997-98, the Commission has supported a \$4.25 million PUC budget allocation set-aside request. This year the PUC is requesting that the amount be increased by \$250,000 to \$4.5 million.

Attachments

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Rail Safety and Carriers Division
Rail Engineering Safety Branch
Rail Crossings Projects Section

Resolution **SX-34**
July 20, 2000

REC'D BY CTC
JUL 25 2000

R E S O L U T I O N

RESOLUTION SX-34. RECOMMENDATION TO THE CALIFORNIA
TRANSPORTATION COMMISSION FOR INCREASED FUNDING
TO BE SET ASIDE FOR MAINTAINING AUTOMATIC GRADE-
CROSSING PROTECTION DEVICES UNDER PUBLIC UTILITIES
CODE SECTION 1231.1.

SUMMARY

This resolution recommends to the California Transportation Commission (CTC) to allocate, for the 2001-2002 fiscal year, the sum of \$4,500,000 for the purpose of paying the local governments' share of the cost of maintaining automatic grade-crossing warning devices.

BACKGROUND

Public Utilities (PU) Code Section 1231.1 requires that in each annual proposed budget prepared by the Department of Transportation (CALTRANS), the sum of \$1,000,000 be set aside for allocation to the Public Utilities Commission (PUC) to pay to railroad or street railroad corporations the share of the cost to cities and counties of maintaining automatic grade-crossing protection. For crossings that were improved pursuant to the Federal Grade-Crossing Improvement Program, the maintenance costs are apportioned 50% between the railroad and the city or county. For a new crossing, the maintenance costs are apportioned pursuant to the agreement between the railroad and the public agency as prescribed in the PUC decision authorizing the crossing.

In 1988, an amendment to Public Utilities Code Section 1231.1¹ was enacted which specifies that the PUC may recommend a sum greater than \$1,000,000 be set aside if the PUC finds that \$1,000,000 is not sufficient due to an increase in the number of grade-crossing warning devices or an increase in the cost of maintenance of those devices. The specific amount of the total allocation shall be determined by the CTC.

DISCUSSION

When the automatic grade-crossing protection maintenance fund was first established in 1965, the maximum annual allocation of \$1,000,000 was sufficient to cover all claims filed by railroad and street railroad corporations. However, with the advent of a Federal grade-crossing protection funding program beginning with the 1973 Federal Highway Safety Act, the installation and upgrading of automatic grade-crossing protection devices increased which caused claims to exceed funds available for the calendar years 1977 and thereafter.

The railroads perform the required maintenance during a given calendar year, then file a claim with the PUC for reimbursement of the city or county share. These claims are paid from fiscal year budgets. For the past five years, claims and payments were as follows:

<u>CY</u>	<u>FY</u>	<u>No. of Crossings</u>	<u>Total Claims</u> (\$)	<u>Total Paid</u> (\$)
'95	95-96	3,095	4,347,243	4,000,000
'96	96-97	3,136	4,317,004	4,000,000
'97	97-98	3,033	4,330,149	4,250,000
'98	98-99	2,950	4,259,422	4,250,000
'99	99-00	3,104	4,465,069	4,250,000

The maintenance fund claims for calendar year 2000 are expected to be more than the budgeted \$4,250,000 for FY 2000-2001. We anticipate that this year the railroads will conduct a restudy of the cost of maintaining automatic grade crossing warning devices, the first such study in almost ten years. With that study, we expect that claims for calendar year 2001 will be higher than 2000, therefore, an allocation of \$4,500,000 will be needed for the 2001-2002 fiscal year.

¹ AB 3065, (Polanco) September 29, 1988.

FINDINGS

For the 2001-2002 fiscal year, the sum of \$4,500,000 will be needed to pay the local governments' share of the cost of maintaining automatic grade-crossing warning devices.

Since this is an uncontested matter in which the resolution grants the relief requested, the 30-day period for public review and comment otherwise applicable pursuant to PU Code Section 311(g) (2) is being waived.

THEREFORE, IT IS ORDERED that:

In accordance with PU Code Section 1231.1, the PUC recommends to the California Transportation Commission that a sum of \$4,500,000 be allocated for the 2001-2002 fiscal year for the purpose of paying to railroad or street railroad corporations the share of the costs to cities and counties of maintaining automatic grade-crossing warning devices.

The effective date of this Resolution is today.

I hereby certify that the Public Utilities Commission at its regular meeting on July 20, 2000 adopted this Resolution. The following Commissioners approved it:

/s/ WESLEY M. FRANKLIN
WESLEY M. FRANKLIN
Executive Director

LORETTA M. LYNCH
President
HENRY M. DUQUE
JOSIAH L. NEEPER
RICHARD A. BILAS
CARL W. WOOD
Commissioners

CALIFORNIA TRANSPORTATION COMMISSION

Support Increasing the Allocation Set-Aside
From \$1 Million to \$4.5 Million for the PUC's
Railroad Grade Crossing Protection Maintenance Program

Resolution #G-00-__

- 1.1 WHEREAS, the Automatic Grade Crossing Protection Maintenance Fund was established by the Legislature in 1965 (PUC Section 1231.1) to pay the cities' and counties' share of the cost of maintaining automatic grade crossing protection devices installed by railroad corporations after October 1, 1965; and
 - 1.2 WHEREAS, since 1967 a minimum of \$1 million per year has been appropriated by the State Legislature and allocated by the California Transportation Commission to the PUC for its Railroad Grade Crossing Protection Maintenance Program; and
 - 1.3 WHEREAS, the total claims submitted by the railroad corporations have substantially exceeded the \$1 million cap since 1977; and
 - 1.4 WHEREAS, the anticipated claims to be submitted to the PUC for FY 2001-02 are estimated to be \$4.5 million, which exceeds the annual \$1 million cap by \$3.5 million; and
 - 1.5 WHEREAS, the Commission recognizes the importance of maintaining the grade crossing protection devices for increased safety on the transportation system.
- 2.1 NOW THEREFORE BE IT RESOLVED, that the California Transportation Commission supports an additional \$3.5 million allocation set-aside for use in the PUC grade crossing protection maintenance program which would increase the total allocation set-aside to \$4.5 million, providing revenues are available in FY 2001-02 from the State Highway Account.